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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC, 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Q92-2230

For the quarter ended March 31, 1992

Commission file number 2-91511

SMITHTOWN BANCORP, INC.
(Exact name of registrant as specified in its charter)

NEW YORK	**11-2695037**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

One East Main Street, Smithtown, New York 11787-2801
(Address of principal executive offices)

(516) 360-9300
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No___

Indicate the number of shares outstanding of each of the insurer's classes of common stock, as of the latest practicable date:

438,985 Shares of Common stock (5.00 Par Value) Outstanding as of March 31, 1992.

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SMITHTOWN BANCORP, INC.

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Smithtown Bancorp, Inc.
Consolidated Balance Sheet
(unaudited)

	March 31,1992	December 31,1991
ASSETS		
Cash and Due from Banks	$ 6,814,887	$ 6,606,995
Securities:		
U.S. Government Obligations	34,576,942	34,446,612
Obligations of U.S. Government Agencies	2,030,372	2,033,046
Mortgage Backed Securities	13,914,916	13,855,770
Obligations of State & Political Subdivisions	6,388,163	6,477,744
Other Securities	127,200	127,200
Total Securities (Market Value $59,012,959 in 1992 and $59,022,089 in 1991.)	57,037,593	56,940,372
Federal Funds Sold	9,500,000	3,750,000
Loans		
Real Estate	43,736,273	43,499,855
Commercial and Industrial	17,280,374	16,981,162
Loans to Individuals for Household, Family and Other Personal Expenditures	9,364,067	10,075,281
All Other Loans	152,684	182,354
Total Loans	70,533,398	70,738,652
Less: Unearned Discount	1,840,480	1,968,599
Reserve for Possible Loan Losses	1,411,272	1,496,624
Loans Net	67,281,646	67,273,429
Bank Premises and Equipment	2,779,525	2,814,626
Other Assets		
Other Real Estate Owned	4,939,226	5,085,576
Other	2,769,552	2,934,349
TOTAL	$151,122,429	$145,378,347
LIABILITIES		
Deposits:		
Demand	$31,308,684	$31,331,771
Money Market Accounts	32,776,292	29,387,570
Savings	59,353,275	55,787,315
Certificates of Deposit $100,000 and Over	3,824,374	3,939,331
Other Time Deposits	12,603,327	13,380,295
Total Deposits	139,865,952	133,826,282

Consolidated Balance Sheet (continued)

	March 31,1992	December 31,1991
Dividend Payable	109,746	438,985
Other Liabilities	206,653	300,416
Total Liabilities	140,182,351	134,565,683
CAPITAL ACCOUNTS		
Common Stock - $5.00 Par Value:		
500,000 Shares Authorized	2,239,775	2,239,775
447,955 Issued		
Surplus	2,000,000	2,000,000
Retained Earnings	7,014,253	6,886,839
	11,254,028	11,126,614
Less: Treasury Stock	313,950	313,950
Total Capital Accounts	10,940,078	10,812,664
TOTAL	$151,122,429	$145,378,347

SMITHTOWN BANCORP, INC.
CONSOLIDATED STATEMENT OF INCOME
(unaudited)

	3 Months Ended March 31, 1992	3 Months Ended March 31, 1991
INTEREST INCOME		
Interest and Fees on Loans	$1,939,106	$2,245,010
Interest and Dividends on:		
U.S. Government Obligations	593,025	846,463
Obligations of U.S. Government Agencies	42,326	0
Mortgage Backed Securities	285,002	0
Obligations of State and Political Subdivisions	94,596	4,374
Other Securities	1,908	1,908
Income on Federal Funds Sold	60,700	196,254
Total Interest Income	3,016,663	3,294,009
INTEREST EXPENSE		
Money Market Accounts	320,495	450,225
Savings	553,962	607,470
Certificates of Deposit $100,000 and Over	49,388	75,036
Other Time Deposits	173,092	280,126
Interest on Federal Funds Purchased	0	0
Total Interest Expense	1,096,937	1,413,257
Net Interest Income	1,919,726	1,880,752
Provision for Possible Loan Losses	60,000	83,000
Net Interest Income, After Provision for Possible Loan Losses	1,859,726	1,797,752
OTHER OPERATING INCOME		
Trust Department	57,679	61,029
Service Charges on Depositor Accounts	301,396	237,298
Other Service Charges, Commissions and Fees	24,060	19,332
Miscellaneous Income	40,038	38,702
Net Security Transactions	0	0
Total Other Operating Income	423,173	356,361
OTHER OPERATING EXPENSES		
Salaries	936,610	945,272
Pension and Other Employee Benefits	210,303	222,141
Occupancy Expense of Bank Premises	231,670	201,433
Furniture and Equipment Expense	169,112	166,113
Miscellaneous Operating Expenses	407,044	401,316
Total Other Operating Expenses	1,954,739	1,936,275
Income Before Income Taxes	328,160	217,838
Applicable Income Taxes	91,000	78,600
NET INCOME	$237,160	$139,238
EARNINGS PER COMMON SHARE		
Net Income	$0.54	$0.32
Cash Dividends	$0.25	$0.25
Average Shares Outstanding	438,985	438,985

SMITHTOWN BANCORP, INC.
CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL ACCOUNTS
(unaudited)

Description	Common Stock Par $5.00	Surplus	Undivided Profits	Total Capital Accounts
Balance at January 1,1991	$2,239,775	$2,000,000	$7,123,660	$11,363,435
Net Income Transferred to Retained Earnings....			139,238	139,238
Cash Dividends Declared on Common Stock.....			(109,746)	(109,746)
Cost of Stock in Treasury..				(313,950)
Balance at March 31, 1991	$2,239,775	$2,000,000	$7,153,152	$11,078,977
Balance at January 1,1992	$2,239,775	$2,000,000	$6,886,839	$11,126,614
Net Income Transferred to Retained Earnings....			237,160	237,160
Cash Dividends Declared on Common Stock.....			(109,746)	(109,746)
Cost of Treasury Stock..				(313,950)
Balance at March 31, 1992	$2,239,775	$2,000,000	$7,014,253	$10,940,078

Smithtown Bancorp, Inc.
Consolidated Statement of Cash Flows
(unaudited)

	For 3 Months Ended	
	March 31, 1992	March 31, 1992
Cash Flow From Operating Activities		
Interest received from:		
Loans	$ 1,784,303	$ 2,019,276
Investment Securities	1,340,263	1,015,458
Federal Funds Sold	60,700	196,254
Trust Department Income	54,079	50,229
Service Fees	325,456	256,620
Other Income	40,038	38,712
Interest Paid to Depositors	(1,112,953)	(1,398,467)
Cash Paid to Suppliers and Employees	(1,893,592)	(2,000,486)
Income Taxes Paid	(14,973)	(46,328)
Net Cash Provided by Operating Activities	583,321	131,268
Cash Flows From Investing Activities		
Proceeds from Maturities of Investment Securities	5,542,647	4,034,076
Purchase of Investment Securities	(5,726,094)	(7,573,979)
Federal Funds Sold, Net	(5,750,000)	1,000,000
Mortgage Payable	(49,089)	54,823
Loans Made to Customers, Net	(68,216)	488,023
Purchase of Premises and Equipment	(33,926)	(206,667)
Payments for Other Assets	(10,786)	16,701
Proceeds from Sale of Other Real Estate Owned	119,350	0
Net Cash Provided/(Used) in Investing Activities	(5,976,114)	(2,187,023)
Cash Flows From Financing Activities		
Net Change in Demand Deposits, NOW Accounts, Savings Accounts and MMDAs	6,931,595	(189,985)
Net Change in Time Deposits	(891,924)	819,880
Dividends Paid	(438,985)	(447,258)
Net Cash Provided/Used in Financing Activities	5,600,686	182,637
Net Change in Cash and Cash Equivalents	207,893	(1,873,118)
Cash and Cash Equivalents, Beginning	6,606,994	8,599,369
Cash and Cash Equivalents, Ending	$ 6,814,887	$ 6,726,251

Consolidated Statement of Cash Flows (continued)

	For 3 Months Ended March 31, 1992	March 31, 1991
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Net Income	$ 237,160	$ 139,238
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	69,026	61,902
Provision for Possible Loan Loss	60,000	83,000
Increase/(Decrease) in Taxes Payable	76,027	32,272
(Increase)/Decrease in Interest Receivable	82,378	(64,572)
Increase/(Decrease) in Interest Payable	(16,016)	14,791
(Increase)/Decrease in Estate Commissions Receivable	(3,600)	(10,800)
(Increase)/Decrease in Prepaid Expenses	40,296	34,554
Increase/(Decrease) in Accrued Expenses	(25,834)	(102,673)
Increase/(Decrease) in Accounts Payable	(22,342)	(57,994)
Amortization of Investment Security Premiums and Accretion of Discounts	86,226	1,550
Total Adjustments	346,161	(7,970)
Net Cash Provided by Operating Activities	$ 583,321	$ 131,268

Management's Discussion and Analysis of Financial Condition and Results of Operations

Smithtown Bancorp, a one bank holding company, acquired 100% of the outstanding common stock of Bank of Smithtown on November 1, 1984. Smithtown Bancorp and its subsidiary, Bank of Smithtown, filed an Annual Report 10-K for the year ended December 31, 1991. Bank of Smithtown remains a state chartered, Federal Reserve Bank member and accordingly is subject to regulation by the New York State Banking Department and the Federal Reserve Bank.

Bank of Smithtown's balance sheet has undergone one significant change since December 1991. Total assets have increased by $5,744,082 or 3.9% in spite of the weak Long Island economy. Balances in the loan and investment portfolio remained constant, representing 46.7% and 37.7% of total assets, respectively. Federal Funds sold at March 31 comprised 6.3% of assets as compared to 2.5% at December 31. After careful review, it was determined by management that due to liquidity needs, the Bank's optimum level for Federal Funds sold is $7,000,000. The balance in this account remains high due to future loan fundings which will take place during second quarter. Deposits increased during first quarter 1992 by 4.5% with the majority of this inflow into money market accounts and savings accounts. The Bank's competitive rate structure along with other "non-interest related factors" attracted these deposits. Capital remains strong according to regulatory guidelines, with a 1.1% increase over fourth quarter 1991 due to retained earnings. The following is a listing of the Bank's required and actual capital ratios.

	March 1992 Actual	December 1991 Actual	Required
Tier I	15.68%	14.47%	4.00%
Tier II	2.03%	2.00%	*
Total Risk Based Capital	17.71%	16.47%	8.00%
Leverage Ratio	7.24%	7.44%	4.00%

* Tier II Capital is limited to a maximum of 100% of Tier I Capital.

According to Federal Reserve guidelines, as of December 31, 1991 and March 31, 1992 the Bank has a concentration of loans to one borrower who is a real estate developer. $4,482,563 of these loans we reclassified as in substance foreclosures as of year end and were transferred to Other Real Estate Owned where they currently remain. The balance of this developers' loans total $1,598,714 and range from 32 to 77 days past due as of March 31. $2,000,000 of this $4,482,563 in Other Real Estate Owned represents a vacant commercial parcel of land for which

there exists a court-approved contract of sale, and for which the Town of Smithtown granted a necessary approval on April 28, 1992. Pursuant to the contract, the Bank expects full repayment of this loan, perhaps before the close of the second quarter. $2,250,000 of the remaining Other Real Estate Owned to this same developer represents a new commercial office building for which the Bank was given a deed on May 4, 1992. The Bank, therefore, has just begun efforts to sell this property. Since December 1991, the balance in Other Real Estate Owned decreased by $119,350 due to the sale of one residential property.

In an effort to protect itself against future uncertainties in the loan portfolio due to the continued weakening Long Island economy, the Bank increased its allowance for loan loss account at year end to $1,496,624 representing 2.17% of net loans. An additional $60,000 was added to the allowance through the end of first quarter, with net charge-offs of $145,352. The allowance now represents 2.10% of net loans, and management feels it remains adequate. Non-accrual loans increased from $614,000 at December 31, to $2,669,000 at March 31, however the majority of these loans remain well secured and were reserved for as of December 31. Interest income recognized during first quarter for these non-accrual loans was $36,346. Interest income which would have been recorded on these loans if they remained performing was $97,919.

Income for first quarter 1992 was $237,160 as compared to $139,238 for the same period in 1991, primarily a result of decreased interest expense (22.3% decrease). by structuring itself into a negative gap position, the Bank was able to take advantage of the continued declining interest rate environment (see attached gap table).

Loan income dropped by 13.6% due to the increase in nonaccrual loans and Other Real Estate Owned. Offsetting this decline was a 19.2% increase in investment income. This was completely due to the revamping of the portfolio accomplished in 1991 through a more diversified, laddered structure. Other operating income increased by 18.7%, largely a result of increased service charges, fees and commissions. Other operating expenses were held in line by strict budget adherence.

Although the Long Island economy remains in a weakened condition, delinquencies at the Bank have not significantly increased since December 1991 and workout arrangements on many nonperforming loans have been completed. Management expects loan volume to increase during second, third and fourth quarter based upon current commitments and pending applications. These borrowings are high quality, well secured loans which will serve to both increase the Bank's bottom line and return its asset quality back to the level to which management is accustomed.

Interest Sensitivity Gap Table

For the Quarter Ended
March 31, 1992

	Three Months or Less	Over Three Months to Six Months	Over Six Months through One Year	Total Sensitive Within One Year	Over One Year through Five Years	Over Five Years	All Other(*)	Total
Total Interest - Earning Assets	37,837	150	9,886	47,873	36,870	50,576	15,803	151,122
Total Interest - Bearing Liabilities	100,796	3,081	1,964	105,841	2,012	0	43,269	151,122
Interest Sensitivity Gap Per Period	(62,959)	(2,931)	7,922	(57,968)	34,858	50,576	(27,466)	0
Cumulative Interest Sensitivity Gap	(62,959)	(65,890)	(57,968)	(57,968)	(23,110)	27,466	0	0
Percent of Cumulative Gap to Total Assets	(41.69)%	(43.60)%	(38.36)%	(38.36)%	(15.29)%	18.17%	0	0

(*) Includes interest-bearing assets and interest-bearing liabilities that do not reprice, non-interest earning assets non-interest bearing liabilities, and $2,669,000 in non-accrual loans.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SMITHTOWN BANCORP, INC.

May 11, 1992

Bradley E Rock
(Bradley E. Rock, President)

May 11, 1992

Anita Florek
(Anita Florek, Treasurer)